

HIGH SCHOOL CORE AREA

Economics

Standard ECON-3 The student will demonstrate an understanding of the sources of income and growth in a free-enterprise economy.

ECON-3.1 Compare personal income distribution and functional income distribution, including how distribution of income affects public policy.

Taxonomy Level: B 2 Understand /Conceptual Knowledge

Previous/future knowledge:

In third grade (3-4.1, 3-4.6) students compared the conditions of daily life for various classes of people in South Carolina, including the elite, the middle class, the lower class, the independent farmers, and the free and the enslaved African Americans and further, explained how the Civil War affected South Carolina's economy, including destruction of plantations, towns, factories, and transportation systems. In fifth grade (5-1.4, 5-4.2) students compared the economic and social effects of Reconstruction on different populations, including the move from farms to factories and the change from the plantation system to sharecropping and summarized the stock market crash of 1929 and the Great Depression, including economic weakness, unemployment, failed banks and businesses, and migration from rural areas. Fifth grade students (5-4.3) also explained the immediate and lasting effect on American workers caused by innovations of the New Deal, including the Social Security Act, the Federal Deposit Insurance Corporation, and the Civilian Conservation Corps.

In high school (USHC-3.3, USHC-10.2) students compared economic development in different regions of the country during the early nineteenth century and summarized key economic issues in the United States since the fall of communist states, including recession, the national debt and deficits, legislation affecting organized labor and labor unions, immigration, and increases in economic disparity.

Future Knowledge

While no future knowledge is required, students must have a basic foundation in the sources of economic growth and income in order to understand how the overall health of the United States economy may personally impact individual or family circumstances. A basic understanding of personal income distribution gives students a foundation that will allow them to better assess public policy measures that may impact their income in the future.

It is essential for students to know

Students must understand that all resource categories, land, labor, capital, and entrepreneurial ability receive a share of the total income generated from a good or service. A general understanding of each resource categories income share and how this has changed throughout United States history is required.

Students must know the definition of personal income, disposable personal income, and related per capita measures. They should also understand the definition of income inequality and how this is illustrated with a Lorenz Curve. Students should further understand examples of income inequality and the possible challenges that come as a society has more inequality. It is also essential for students to have a general understanding of how income inequality impacts public policy measures. Examples of the types of programs that are utilized to reduce inequality would be appropriate.

It is not essential for students to know

Students do not need to know how to calculate the income share received by each factor of production. It is also not essential for students to know how to create a Lorenz curve or the details of the many government programs that are used to minimize income inequality. As well, students do not need to know details of other nation's income and inequality measures.

Assessment guidelines:

Appropriate assessment requires students to *compare* personal and functional income distribution; therefore, the primary focus of assessment should be to *clarify* and *explain* personal and functional income distribution. However, appropriate assessments should also require students to *exemplify* and *interpret* a Lorenz curve exhibiting varying degrees of income inequality.